

STUDY SESSION AGENDA
October 20, 2003 - Immediately Following
Adjournment of Regular Meeting (at
Approximately 10:15 PM)
Council Board Room of Troy City Hall
500 West Big Beaver
Troy, Michigan 48084
(248) 524-3317

CALL TO ORDER

ROLL CALL

Mayor Matt Pryor
Robin Beltramini
Cristina Broomfield
David Eisenbacher

Martin F. Howrylak
David A. Lambert
Jeanne M. Stine

1 Parks and Recreation Fee Structure

PUBLIC COMMENT

ADJOURN

Respectfully submitted,

John Szerlag, City Manager

NOTICE: People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at clerk@ci.troy.mi.us <<mailto:clerk@ci.troy.mi.us>> at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

October 15, 2003

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager

SUBJECT: Study Session Topic: Parks and Recreation Fee Structure

Time permitting, I'd like to continue the discussion City Council engaged in relative to the Parks and Recreation fee structure. As you know, staff is going to proceed with the distributive approach to assessing fees for recreation programs. We now need to further review, and attain concurrence, for topics related to fees that are outlined below:

- a) Special rates for youths and seniors
- b) The desire or need for users to pay for exclusive use
- c) Should the \$2.7 million subsidy be a fixed amount or tied to a percentage of a mil?
- d) What is the vision for quality-of-life issues as it relates to a low tax base, and what services should always continue to be funded by taxes?
- e) Should we explore charging fees for park usage?
- f) Should we look at a dedicated millage subject to voter approval for parks and recreation/quality-of-life issues?

September 30, 2003

To: Honorable Mayor and City Council

From: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance and Administration
Gary A. Shripka, Assistant City Manager/Services
Carol K. Anderson, Parks and Recreation Director *KA*

Subject: Parks and Recreation Fee Structure

Over the past several months, information has been provided to City Council regarding the Parks and Recreation fee structure. This information was forwarded to Council to ensure agreement on the actions being taken by staff concerning fees.

At the September 22, 2003 meeting, a green memo was sent to Council. This memo outlined options for setting fees and indicated staff would proceed with the distributive approach to assessing fees for recreation programs. We now need to continue the discussion and obtain concurrence for topics related to fees that were discussed at the September 22, 2003 meeting, namely;

- Special rates for youths and seniors
- The desire or need for users to pay for exclusive use
- A fixed subsidy necessitates the need to change the way fees are charged.
- Maintaining the City and quality of life will necessitate changes to user fees and/or taxes.
- Taxes pay for some services and should continue to do so.

Using the distributive method when establishing fees will mean:

- 1) Some programs that currently have no fee will continue to have no fee
- 2) Some programs that currently have no fee will have a fee in the future (and recover full or partial costs)
- 3) Some programs that currently have a fee will have a higher fee in the future (and recover full or partial costs)
- 4) Some existing programs that have a fee or are offered at no cost may be eliminated if the program is no longer economically viable.
- 5) Programs that may be desirable may not be offered due to economic impacts.

Using the distributive method for setting fees will require staff to consider the market for programs, community value of the program or service, the practicality of fee collection as well as other consequences. This will effect many programs/services, however, some user groups that have been offered free programs or with a fee not covering the direct costs may

experience disproportionate increases compared to users that have been covering direct costs. Historically, senior programs have not covered program costs while youth programs/classes often cover program costs, therefore, increased fees in senior programs may be more frequent than youth programs. It should be noted, however, that not all youth programs cover direct costs and conversely, some senior programs cover costs. It is intended that those programs that are open to the public and where there is no exclusive use will likely have fewer increases than those with exclusive use.

Earlier this year, Walsh College students completed a study, Program Costing Study and Methodology, and found that indirect costs for the Parks and Recreation division are approximately eight percent. These indirect costs are those incurred by other City departments where there is no cost recovery. Indirect costs less than ten percent are considered very efficient.

With concurrence, staff will increase efforts to seek alternative sources of funding including grants and sponsorships.

Currently, fees are waived in part or whole for low-income youth residents for recreation programs (limited to one program/person/term). As part of a \$5000 grant received from the Troy Community Foundation, 50% of the fee is waived for low-income seniors registering for a class (limited to one program/person/term).

The 2003-2004 budget was developed with the goal of the allocated subsidy (\$2.7M) to recreation programs being met. The fiscal year end 2002-2003 shows the subsidy as greater than \$2.7 million; therefore it is reasonable to expect operations to change for the 2003-2004 budget for the subsidy to be met.

In summary, staff recommends City Council approve the use of the distributive method when establishing fees for recreation programs, with the understanding that some programs will see increases in fees while others may not, that a fee waiver program for low-income residents continue under the present guidelines, and that programs and services offered may be modified now and in the future to meet the subsidy goal for the recreation division.

September 16, 2003

To: Honorable Mayor and City Council

From: John Szerlag, City Manager
John Lamerato, Assistant City Manager/Finance
Gary Shripka, Assistant City Manager/Services
Carol K. Anderson, Parks and Recreation Director

Subject: Parks and Recreation Fee Structure

During the study session on February 24, 2003, the City Manager indicated that a goal for the recreation division is to keep the funding subsidy at the same level for future years. Council indicated that this should be an objective for City management. Information provided to Council stated that for fiscal year end 2002, the subsidy to the Parks and Recreation division was \$2,705,164. Based on non-audited numbers in the 2002-03 budget, there is a shortfall of \$245,044 in the subsidy. The 2003-04 budget reflects the ability to meet the subsidy, but thus far, revenues are not meeting projections. In development of the current budget, staff included fee increases to assist in achieving the recreation subsidy based on the distributive method as described below.

It is the goal of Council, city management and staff to maintain a low tax rate while maintaining the current level of service to residents. A way to accomplish this is to initiate fees or increase fees to participants/groups. This necessitates changes to the costs of programs/services offered. There are two options to consider when establishing fees:

1. **Distributive Method:** Staff would have the latitude required to implement fees to cover the direct costs of programs. Consideration will be given to: what the market will bear; user group (youth, disabled, senior citizen, able bodied working adults...); Administration of fee collection; value of program/service to community.
2. **Inflationary Method:** Initiate fees that cover only the inflation/increased costs of all programs from the 2001-02 audited budget figures. A different approach to the way fees are established will be required if this system is followed. We are now able to begin and end programs based on market value and public input. Some programs may be eliminated with this approach such as those where fee collection is impossible or where people would not pay for a service.

Listed below are some examples of free programs that may have a fee assessed (fee listed is approximate charge):

<u>Program Area</u>	<u>Estimated Revenue</u>
Community Center Audio Visual Equipment Rental – approved by council on May 12, 2003 (rates vary)	\$2,500
Field Maintenance costs for youth organizations (Troy Baseball Boosters, Troy Youth Football, and Troy Youth Soccer League) – approved by council on September 8, 2003	\$5,500
Brochure cost in Troy Today for groups not associated with the department – approved by council on September 8, 2003 (rates vary pending on space size)	\$1,600
Senior Volleyball (\$40)	\$1,280
Senior Softball (\$40)	\$1,440
Community Center young adult basketball (\$4 per person)	
Vendors at senior Health and Fitness Day (\$75 per vendor)	\$1,500
Senior Stretch and Tone and Chair exercise (\$2 per class)	\$4,000
Senior gardens (\$20 per site),	\$1,560
Senior newsletter (\$10 per year)	\$20,000
Adaptive newsletter (\$10 per year)	\$2,000
The cost to existing programs may also change as this is further analyzed.	

In addition to implementing fees, we will be seeking additional alternative funding such as grants and sponsorships for programs such as concerts, special events, etc. Reducing expenses where possible is a high priority. Staff has been informed of the Manager's challenge regarding the subsidy. Some programs may also be eliminated to subsidy costs – Robinwood/Morse summer youth program, reduce summer concert series, etc.

Regarding the senior volleyball fee for this season, the following are expenses associated with the program: Entry Fees for two teams - \$580; volleyballs - \$132; gym costs at Community Center - \$1260. Total expenditures are \$1972. There are 16 players per team, total of 32 players for two teams. Actual direct cost per player, with no administrative fee, is \$61.63. The fee of \$40 per player would cover some of the direct costs – entry fees and volleyballs (\$22.25), and minimal gym costs (\$17.75). The department is still subsidizing this program by \$692. Currently 28 of 32 players have registered and paid for the 2003-04 program, with department staff filling the remaining spots for players shortly. We will still re-examine the costs for Senior Volleyball and other youth/senior programs to see if a reduction can be made without jeopardizing other programs.

At the May 5, 2003 meeting City Council received a memo indicating the need to implement fees to meet this goal of keeping the funding level constant.

At the September 8, 2003 meeting City Council meeting received a memo indicating that fees would be charged for field maintenance and brochures costs to various organizations when there had been no charge for these services in the past. These fees were based on the distributive method.

Unless advised otherwise, staff will proceed with a distributive approach to assess fees for Recreation division programs.

September 3, 2003

To: Honorable Mayor and City Council

From: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance
Gary A. Shripka, Assistant City Manager/Services
Carol K. Anderson, Parks and Recreation Director

Subject: Assessment of Fees for Parks and Recreation Services to Outside Recreation Providers

During the study session on February 24, 2003 the City Manager indicated that a goal for the recreation division is to keep the funding subsidy at the same level for future years.

At the May 5, 2003 meeting, City Council received a memo indicating a need to implement fees to meet this goal.

Attached please find a sample letter to be sent to recreation providers/organizations outlying the assessment of fees by Parks and Recreation for services provided.

Included in the fees to be assessed beginning January 2004, are direct costs for Troy Today brochure information and a portion (20%) of maintenance fees associated with field preparation. The maintenance costs will be phased in over several years so the organizations can adjust to the expense.

Organizations being sent this letter include:

- Troy Youth Soccer League
- Troy Youth Football
- Troy Baseball Boosters
- Troy Daze Advisory Committee
- Poseidon Swim Club
- Troy Tennis Club
- Travel athletic teams

Each organization will be charged different amounts based on the maintenance costs as well as brochure space used.

RECEIVED

OCT 14 2003

CITY OF TROY
CITY MANAGER'S OFFICE

October 13, 2003

Honorable Mayor and City Council
500 West Big Beaver Road
Troy, MI 48084

Dear Mayor and Council,

I write as a thirty three year resident and taxpayer of the City. I mention that because all too often it seems that that is what it really takes to get your attention. The reason for that is probably that that is where the votes come from that get you elected. I would like to use that status to get your attention on behalf of those residents who are too busy raising families and paying mortgages to talk to you directly except for when something affects them individually. I would also like to play upon my thirty three years of experience as a city employee for various cities, the last twenty seven with Troy.

I've watched for years as City Councils have taken great pride in cutting the millage rate by mere tenths of a mil and it didn't make a difference in either peoples perception of the taxes they pay or the services they received because there were ample monies generated by new growth.

Today we are paying the price for the unwillingness to face facts and tell the people what it costs to provide the services they enjoy. The City has done an excellent job of creating a city which can boast of high property values, good schools, well rounded, full range services and satisfied taxpayers. Satisfied taxpayers are not necessarily represented by the people{ long time residents} that you seem to listen to. Todays' council seems so intent on not raising taxes that they are looking at cutting the life out of the very services that have made the City what it is.

I hear your arguments that you want to make the people who use a service pay for it. Do you really think for a minute that that isn't a tax increase? It is certainly an increase in the cost of municipal service to the person being charged, the senior volleyball players certainly saw that right away. Where will you finally draw the line? Eventually fees will be attached to every service we enjoy, regardless of whether or not it is considered essential or not. Who determines what is essential anyway? How are you going to attach a fee to those services we all enjoy but don't necessarily use on an individual basis? For instance median maintenance, street tree maintenance, snow removal{ I winter in Florida}, code enforcement{from structures to weeds} and so forth. Failure to properly maintain your street tree population could result in a law suit for a low hanging branch in the eye of a walker of a sufficient amount to have paid for the maintenance in the first place. By the

way have any of you given any thought as to how your going to replace all the Ash trees you have slated for removal in front of residential addresses?

My point in all of this is that maybe you should consider another way to meet rising costs than discriminatory user fees. A city that offers a well balanced variety of services for one tax bill is a city that maintains property values and taxpayer loyalty. Just take a look at places where they have maintained their maximum tax rate and added user fees, people leave, property values go down and you end up a city none of wants to envision.

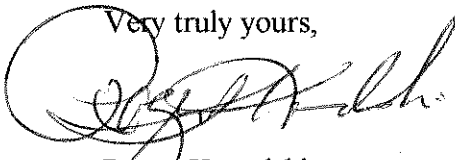
Give the taxpayers of Troy a little credit, most of them are well educated and will know fees for service are just another tax. See how they want to pay for increased costs, don't assume based on what your narrow focused support base tells you. Be honest with them because eventually nearly every service will be non-essential in someone's eyes.

Why not consider a study by a citizens task force into how to best pay for City services in the future. Don't go to your old standby support groups or members of advisory boards but seek out a truly random group of Troy residents and have them study and recommend how to finance City Services in the future. Begin by letting them see how services are funded now and explore various alternatives with them before they make a recommendation. Be diligent and insist that the group be truly random but reserve some discretion to insure that someone with an ax to grind doesn't take over and unduly influence the group.

I hope that you take this letter in the spirit that I write it to you. I have no ambition to run for public office, I have happily paid my taxes since 1970 and never complained about the services I received. I have lived in communities where services are far inferior and the taxes far higher for what was offered. I have no intention of leaving the city, I just want to see my investment in my home continue to be strong and viable and I don't want to be nickel and dimed to death every time the City provides a service to me.

Please step up and find out what the silent majority in Troy really think and want from their city government. We might be surprised.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Roger Kowalski', written over a circular scribble.

Roger Kowalski
570 Troyvally
Troy 48098
248 879-9247
srkowalski@yahoo.com

cc: John Szerlag, City Manager